



25 Sigourney Street  
Hartford CT 06106-5032

STATE OF CONNECTICUT  
DEPARTMENT OF REVENUE SERVICES

**SN 2002(13)**

**SPECIAL NOTICE**

**Petroleum Products Gross Earnings Tax Changes Effective July 1, 2002**

**Purpose:** This Special Notice describes legislation passed in 2002 and in prior years that exempts, or extends the exemption of, certain products from the petroleum products gross earnings tax (PPGET).

**Effective Date:** July 1, 2002. The exemption for propane gas used as fuel for a motor vehicle has been extended through June 30, 2004. The new exemption for petroleum products used as fuel for a fuel cell is effective for the period July 1, 2002, through June 30, 2004.

**Statutory Authority:** Conn. Gen. Stat. §12-587(b)(2)(F), as amended by 2002 Conn. Pub. Acts 4, §8 (May 9 Spec. Sess.); Conn. Gen. Stat. §12-587(b)(2)(G) and (H), as amended by 1997 Conn. Pub. Acts 281, §1; and Conn. Gen. Stat. §12-412(113), as added by 2001 Conn. Pub. Acts 6, §18 (June Spec. Sess.).

**Propane Gas Exemption Extended:** The first sale or importation of propane gas to be used as fuel for a motor vehicle is exempt from PPGET. Under 2001 legislation, this exemption was scheduled to expire on July 1, 2002. However, 2002 legislation extended the exemption through June 30, 2004.

**New Exemption for Petroleum Products Used in Fuel Cells:** Effective July 1, 2002, the first sale or importation of petroleum products to be used as fuel for a fuel cell, as defined in Conn. Gen. Stat. §12-412(113), is exempt from PPGET. The exemption remains in effect through June 30, 2004.

Conn. Gen. Stat. §12-412(113) defines *fuel cell* as "a device that directly or indirectly produces electricity directly from hydrogen or hydrocarbon

fuel through a noncombustive electro-chemical process. . . ."

**Number 6 Fuel Oil for Manufacturers Now Fully Exempt:** Effective July 1, 2002, the first sale or importation of grade number 6 fuel oil, as defined in regulations adopted under Conn. Gen. Stat. §16a-22c, is exempt from PPGET. This exemption is the culmination of a rate reduction of one percent per year that began in 1998. For more information see **Special Notice 2000(11)**, *Credit Procedures for Reduced Rate Petroleum Products*.

To be qualified for the exemption, the grade number 6 fuel oil must be used exclusively by a company engaged in manufacturing, included in Standard Industrial Classification codes 2000 to 3999, inclusive, or in North American Industrial Classification System Sectors 31, 32, or 33.

**Number 2 Heating Oil for Vessels Now Fully Exempt:** Effective July 1, 2002, the first sale or importation of number 2 heating oil to be used exclusively in a vessel primarily engaged in interstate commerce is exempt from PPGET. This exemption is the culmination of a rate reduction of one percent per year that began in 1998. For more information see **Special Notice 2000(11)**, *Credit Procedures for Reduced Rate Petroleum Products*.

To be exempt, the number 2 heating oil must be used in a vessel that qualifies for exemption from sales and use taxes under Conn. Gen. Stat. §12-412.

**Revised Tax Returns:** A revision of **Form OP-161**, *Petroleum Products Gross Earnings Tax Return*, reflecting the exemptions described in this Special Notice, is being mailed to all distributors.

**Effect on Other Documents:** None affected.

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**Effect of This Document:** A Special Notice is a document that announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by DRS and may be referred to for general guidance by taxpayers or tax practitioners.

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**For Further Information on Petroleum Products Gross Earnings Tax:** Call the Excise/Public Services Taxes Subdivision at **860-541-3225** during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday.

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**Forms and Publications:** Forms and publications are available all day, seven days a week:

- **Internet:** Preview and download forms and publications from the DRS Web site: **[www.drs.state.ct.us](http://www.drs.state.ct.us)**
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Petroleum Products Gross Earnings Tax  
2002 Exemptions  
Issued: 09/23/2002

- **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu.
  - **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (in-state) and select **Option 2** from a touch-tone phone.
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**Paperless Filing Methods (fast, easy, free, and confidential):**

- **For business returns:** Use *Fast-File* to electronically file sales and use taxes, business use tax, room occupancy tax, or withholding tax returns over the internet or telephone. Visit the DRS Web site at: **[www.drs.state.ct.us](http://www.drs.state.ct.us)** and click on *Business Taxes Fast File Program*.
  - **For resident income tax returns:** Use *WebFile* to file personal income tax returns over the Internet. Visit the DRS Web site at: **[www.drs.state.ct.us](http://www.drs.state.ct.us)** and click on *Income Tax Web Filing*.
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